

**Town of Greenwood  
Greenwood, Louisiana  
Financial Statements with Auditors' Report  
As of and For the Year Ended June 30, 2014**

Town of Greenwood  
Greenwood, Louisiana

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Greenwood, Louisiana

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## Independent Auditors' Report

The Honorable Frank Stawasz, Mayor  
and Members of the Town Council  
Town of Greenwood  
Greenwood, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

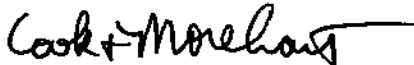
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 9 and 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenwood's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015, on our consideration of the Town of Greenwood, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Greenwood's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
January 6, 2015

## **TOWN OF GREENWOOD**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Town of Greenwood's financial performance provides an overview of the Town of Greenwood's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements, which begin on page 10.

#### **FINANCIAL HIGHLIGHTS**

- The Town of Greenwood's net position of our governmental activities increased by \$395,283 or 17%.
- The Town of Greenwood's net position of our business-type activities decreased by \$56,296 or 1%.
- In the Town's governmental activities, total general and program revenues were \$1,777,334 in 2014 compared to \$1,603,659 in 2013. Total expenses, excluding depreciation, totaled \$1,311,684 for the year ended June 30, 2013 compared to \$1,297,330 for 2014.
- In the Town's business-type activities, revenues decreased by \$173,230 in 2014 due to decrease in capital grants, and expenses decreased by \$135,525.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Greenwood as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Greenwood's operations in more detail than the government-wide statements by providing information about the Town of Greenwood's most significant funds.

#### **Reporting the Town of Greenwood as a Whole**

Our analysis of the Town of Greenwood as a whole begins on page 10. One of the most important questions asked about the Town of Greenwood's finances is "Is the Town of Greenwood as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Greenwood as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Greenwood's *net position* and changes in them. You can think of the Town of Greenwood's net position – the difference between assets and liabilities – as one way to measure the Town of Greenwood's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Greenwood's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

**Governmental activities** – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

**Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

### **Reporting the Town's Most Significant Funds**

Our analysis of the major funds maintained by the Town of Greenwood begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Greenwood – not the Town of Greenwood as a whole. The Town of Greenwood's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

**Governmental funds** – Most of the Town of Greenwood's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Greenwood's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Greenwood expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**Proprietary funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## THE TOWN OF GREENWOOD AS A WHOLE

The Town of Greenwood's combined net assets changed from a year ago, increasing from \$6,694,795 to \$7,033,782. A comparative analysis of the funds maintained by the Town of Greenwood is presented below.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	2,050,451	1,584,836	542,683	553,596	2,593,134	2,138,432
Capital assets	787,849	859,713	4,376,418	4,458,456	5,164,267	5,318,169
Total assets	<u>2,838,300</u>	<u>2,444,549</u>	<u>4,919,101</u>	<u>5,012,052</u>	<u>7,757,401</u>	<u>7,456,601</u>
Current liabilities	69,137	72,899	302,999	265,654	372,136	338,553
Long-term liabilities	31,483	29,253	320,000	394,000	351,483	423,253
Total liabilities	<u>100,620</u>	<u>102,152</u>	<u>622,999</u>	<u>659,654</u>	<u>723,619</u>	<u>761,806</u>
Net position:						
Net investment						
in capital assets	787,849	859,713	3,982,418	3,994,456	4,770,267	4,854,169
Restricted			59,737	54,636	59,737	54,636
Unrestricted	<u>1,949,831</u>	<u>1,482,684</u>	<u>253,947</u>	<u>303,306</u>	<u>2,203,778</u>	<u>1,785,990</u>
Total net position	<u>2,737,680</u>	<u>2,342,397</u>	<u>4,296,102</u>	<u>4,352,398</u>	<u>7,033,782</u>	<u>6,694,795</u>

Net position of the Town of Greenwood's governmental activities increased by \$395,283 or 17%. Net position of the Town of Greenwood's business-type activities decreased by \$56,296 or 1%.



**Table 2**  
**Change in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>						
Programs revenues						
Charges for services	353,899	265,274	1,192,238	1,186,202	1,546,137	1,451,476
Operating grants and contributions	32,270	19,233			32,270	19,233
Capital grants and contributions		21,980		179,356		201,336
General revenues						
Ad Valorem taxes	231,158	211,851			231,158	211,851
Sales taxes	464,314	461,516			464,314	461,516
Franchise taxes	161,561	85,006			161,561	85,006
License and permits	139,543	138,104			139,543	138,104
Gaming taxes	338,989	351,237			338,989	351,237
Investment earnings	11,465	9,114	821	731	12,286	9,845
Miscellaneous	44,135	40,344			44,135	40,344
Total Revenues	<u>1,777,334</u>	<u>1,603,659</u>	<u>1,193,059</u>	<u>1,366,289</u>	<u>2,970,393</u>	<u>2,969,948</u>
<b>Expenses</b>						
General Government	491,628	480,054			491,628	480,054
Public safety	890,423	854,840			890,423	854,840
Public works		57,913				57,913
Water			886,225	1,034,272	886,225	1,034,272
Sewer			363,130	350,608	363,130	350,608
Total expenses	<u>1,382,051</u>	<u>1,392,807</u>	<u>1,249,355</u>	<u>1,384,880</u>	<u>2,631,406</u>	<u>2,777,687</u>
Transfers		(111,387)		111,387		
Increase (decrease) in net position	<u>395,283</u>	<u>99,465</u>	<u>(56,296)</u>	<u>92,796</u>	<u>338,987</u>	<u>192,261</u>

The Town's total revenues increased by less than 1% or \$445. The total cost of all programs and services decreased 5% or \$146,281. Our analysis below separately considers the operations of the governmental and business-type activities.

## **Governmental Activities**

Total revenues for the governmental activities increased \$173,675 from total revenues in the year ended June 30, 2013 of \$1,603,659 to total revenues of \$1,777,334 in the year ended June 30, 2014.

The cost of all governmental activities this year was \$1,382,051. These costs were covered by \$386,169 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

## **Business-type Activities**

Total revenues for the business-type activities decreased \$173,230 or 13% from total revenues in the year ended June 30, 2013 of \$1,366,289 to total revenues of \$1,193,059 in the year ended June 30, 2014.

The cost of all business-type activities this year was \$1,249,355. These costs were covered by \$1,192,238 of program revenues, consisting of charges for services assessed to users, and capital grants.

## **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$1,974,229, which is higher than last year's fund balance of \$1,499,815. The primary reason for the increase was due to an overall increase in revenues for the year.

## **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2014. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 36. Highlights for the year are as follows:

- Actual revenues exceeded budgeted amounts by \$450,964.
- Actual expenditures were less than budgeted amounts by \$120,702.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2014 and 2013, the Town of Greenwood had invested \$5,164,267 and \$5,318,169, respectively in capital assets. (see table 3 below)

**Table 3**  
**Capital Assets At Year End**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	227,359	227,359	192,381	192,381	419,740	419,740
Construction in progress	29,951	29,951	252,690	81,032	282,641	110,983
Building and Improvements	407,509	444,277	104,620	114,792	512,129	559,069
Furniture and equipment	72,766	76,592	4,813	4,813	77,579	81,405
Vehicles	50,264	81,534	20,540	30,020	70,804	111,554
Sewer system			746,273	795,422	746,273	795,422
Water system			3,055,101	3,239,996	3,055,101	3,239,996
Total assets (net)	<u>787,849</u>	<u>859,713</u>	<u>4,376,418</u>	<u>4,458,456</u>	<u>5,164,267</u>	<u>5,318,169</u>

This years major additions included:

Water and sewer system			28,149	194,236	28,149	194,236
Construction in progress		1,481	171,658	12,600	171,658	14,081
Vehicles and equipment		64,774				64,774
Furniture and equipment	12,857	16,094			12,857	16,094
Total	<u>12,857</u>	<u>82,349</u>	<u>199,807</u>	<u>206,836</u>	<u>212,664</u>	<u>289,185</u>

More detailed information about the capital assets are presented in Note 7 to the financial statements.

## Debt

At year-end, the Town had \$394,000 in bonds and notes outstanding, versus \$464,000 last year – a decrease of 15%.

**Table 4**  
**Outstanding Debt At Year End**

	<u>Business-type Activities</u>	
	<u>2014</u>	<u>2013</u>
Sewer revenue refunding bonds	\$ 394,000	\$ 464,000
Totals	<u>\$ 394,000</u>	<u>\$ 464,000</u>

State law restricts the amount of debt that the Town of Greenwood may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Greenwood's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt is presented in Note 13 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Greenwood's management considered many factors when setting a fiscal year June 30, 2015 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for 2015 are expected to remain substantially the same.

## CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Greenwood and to show the Town of Greenwood's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 195, Greenwood, LA 71033.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,432,415	\$ 60,781	\$ 1,493,196
Investments	508,417		508,417
Receivables	162,522	187,965	350,487
Prepaid expenses	7,085	28,110	35,195
Other		918	918
Internal balances	(59,988)	59,988	
Restricted assets:			
Cash and cash equivalents - customer deposits		145,184	145,184
Cash and cash equivalents - debt service		59,737	59,737
Capital assets not being depreciated	257,310	445,071	702,381
Depreciable capital assets, net	530,539	3,931,347	4,461,886
Total assets	<u>2,838,300</u>	<u>4,919,101</u>	<u>7,757,401</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	69,137	64,733	133,870
Payable from restricted assets:			
Long-term debt due within one year		74,000	74,000
Accrued interest		13,002	13,002
Customer deposits		151,264	151,264
Non-current liabilities:			
Due within one year	15,002		15,002
Due in more than one year	16,481	320,000	336,481
Total liabilities	<u>100,620</u>	<u>622,999</u>	<u>723,619</u>
<b>Net Position</b>			
Net investment in capital assets	787,849	3,982,418	4,770,267
Restricted for:			
Debt Service		59,737	59,737
Unrestricted	1,949,831	253,947	2,203,778
Total net position	<u>\$ 2,737,680</u>	<u>\$ 4,296,102</u>	<u>\$ 7,033,782</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions / Programs:</b>						
Governmental Activities						
General government	\$ 491,628	\$	\$	\$ (491,628)	\$	\$ (491,628)
Public safety	890,423	353,899	32,270	(504,254)		(504,254)
Total governmental activities	<u>1,382,051</u>	<u>353,899</u>	<u>32,270</u>	<u>(995,882)</u>		<u>(995,882)</u>
Business-type Activities						
Water	886,225	843,998			(42,227)	(42,227)
Sewer	363,130	348,240			(14,890)	(14,890)
Total business-type activities	<u>1,249,355</u>	<u>1,192,238</u>			<u>(57,117)</u>	<u>(57,117)</u>
Total Government	<u>\$ 2,631,406</u>	<u>\$ 1,546,137</u>	<u>\$ 32,270</u>	<u>(995,882)</u>	<u>(57,117)</u>	<u>(1,052,999)</u>
	General revenues:					
		Ad valorem taxes		231,158		231,158
		Sales taxes		464,314		464,314
		Franchise taxes		161,561		161,561
		Licenses and permits		139,543		139,543
		Gaming taxes		338,989		338,989
		Investment earnings		11,465	821	12,286
		Miscellaneous		44,135		44,135
		Total general revenues and transfers		<u>1,391,165</u>	<u>821</u>	<u>1,391,986</u>
		Change in net assets		395,283	(56,296)	338,987
		Net position - beginning		2,342,397	4,352,398	6,694,795
		Net position - ending		<u>\$ 2,737,680</u>	<u>\$ 4,296,102</u>	<u>\$ 7,033,782</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Balance Sheet  
Governmental Fund  
June 30, 2014

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 1,432,415
Investments	508,417
Receivables	162,522
Due from other funds	20,161
Total assets	<u>\$ 2,123,515</u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable and accrued expenses	\$ 69,137
Due to other funds	80,149
Total liabilities	<u>149,286</u>
Fund balances:	
Assigned	
Capital projects	1,073,553
Unassigned	900,676
Total fund balances	<u>1,974,229</u>
Total liabilities and fund balances	<u>\$ 2,123,515</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Reconciliation of the Balance Sheet of Governmental Fund  
to the Statement of Net Position  
June 30, 2014

Fund balances - total governmental fund	\$ 1,974,229
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources <i>and therefore are not reported in the funds.</i>	787,849
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	7,085
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(31,483)</u>
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Net position of governmental activities	<u><u>\$ 2,737,680</u></u>
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See accompanying notes to the basic financial statements.



Town of Greenwood  
Greenwood, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2014

	<i>General</i>
	<u>Fund</u>
Revenues:	
Ad valorem taxes	\$ 231,158
Sales tax	464,314
Franchise taxes	161,561
Licenses and permits	139,543
Gaming taxes	338,989
Intergovernmental revenues	32,270
Fines and forfeitures	353,899
Investment earnings	11,465
Miscellaneous	44,135
<i>Total revenues</i>	<u>1,777,334</u>
Expenditures:	
Current:	
General government	433,231
Public safety	856,833
Capital outlay	12,856
<i>Total expenditures</i>	<u>1,302,920</u>
Net change in fund balance	474,414
Fund balances at beginning of year	<u>1,499,815</u>
Fund balances at end of year	<u>\$ 1,974,229</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2014

Net change in fund balances - total governmental fund	\$	474,414
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$84,721) exceeded capital outlays (\$12,857) in the current period.		(71,864)
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		(5,038)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		(2,229)
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Change in net position of governmental activities	\$	395,283
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See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 28,770	\$ 32,011	\$ 60,781
Accounts receivable	134,215	53,750	187,965
Prepaid insurance	13,777	14,333	28,110
Other	918		918
Due from other funds	137,455		137,455
Restricted cash and cash equivalents	85,959	59,225	145,184
Total current assets	<u>401,094</u>	<u>159,319</u>	<u>560,413</u>
Noncurrent assets:			
Restricted cash and cash equivalents		59,737	59,737
Capital assets:			
Land	43,084	149,297	192,381
Construction in progress	230,190	22,500	252,690
Plant and equipment	6,860,603	4,083,314	10,943,917
Less: accumulated depreciation	<u>(3,678,248)</u>	<u>(3,334,322)</u>	<u>(7,012,570)</u>
Total noncurrent assets	<u>3,455,629</u>	<u>980,526</u>	<u>4,436,155</u>
Total assets	<u>\$ 3,856,723</u>	<u>\$ 1,139,845</u>	<u>\$ 4,996,568</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 55,025	\$ 1,618	\$ 56,643
Accrued expenses	5,614	2,476	8,090
Due to other funds		77,467	77,467
Payable from restricted assets:			
Revenue bonds		74,000	74,000
Accrued interest		13,002	13,002
Customer deposits	94,051	57,213	151,264
Total current liabilities	<u>154,690</u>	<u>225,776</u>	<u>380,466</u>
Noncurrent liabilities:			
Revenue bonds		320,000	320,000
Total noncurrent liabilities		<u>320,000</u>	<u>320,000</u>
Total liabilities	<u>154,690</u>	<u>545,776</u>	<u>700,466</u>
<b>Net position</b>			
Net investment in capital assets	3,455,629	526,789	3,982,418
Restricted for debt service		59,737	59,737
Unrestricted	246,404	7,543	253,947
Total net position	<u>3,702,033</u>	<u>594,069</u>	<u>4,296,102</u>
Total liabilities and net position	<u>\$ 3,856,723</u>	<u>\$ 1,139,845</u>	<u>\$ 4,996,568</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
<i>Charges for service -</i>			
Water sales	\$ 802,800	\$	\$ 802,800
Sewerage service charges		338,271	338,271
Other charges and fees	41,198	9,969	51,167
Total operating revenues	<u>843,998</u>	<u>348,240</u>	<u>1,192,238</u>
Operating expenses:			
Salaries	177,664	96,932	274,596
Payroll taxes	14,088	7,859	21,947
Legal and accounting	6,895	5,145	12,040
Insurance	105,362	40,255	145,617
Testing	410	2,628	3,038
Maintenance and repairs	49,347	18,441	67,788
Miscellaneous expenses	33,387	10,475	43,862
Office expense	30,384	10,089	40,473
Material and supplies	131,753	21,148	152,901
Utilities	54,940	21,785	76,725
Water purchases	44,629		44,629
Meter reading expense	6,223		6,223
Lift station expense		45,904	45,904
Depreciation	<u>231,143</u>	<u>50,703</u>	<u>281,846</u>
Total operating expenses	<u>886,225</u>	<u>331,364</u>	<u>1,217,589</u>
Operating income (loss)	<u>(42,227)</u>	<u>16,876</u>	<u>(25,351)</u>
Non-operating revenues (expenses):			
Interest income	497	324	821
Interest expense		(31,766)	(31,766)
Total non-operating revenues (expenses)	<u>497</u>	<u>(31,442)</u>	<u>(30,945)</u>
Change in net position	(41,730)	(14,566)	(56,296)
Net position - beginning of year	<u>3,743,763</u>	<u>608,635</u>	<u>4,352,398</u>
Net position - end of year	<u>\$ 3,702,033</u>	<u>\$ 594,069</u>	<u>\$ 4,296,102</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 828,777	\$ 350,334	\$ 1,179,111
Cash payments to suppliers for goods and services	(468,273)	(185,970)	(654,243)
Cash payments to employees for services	(197,643)	(107,028)	(304,671)
Net Cash From Operating Activities	<u>162,861</u>	<u>57,336</u>	<u>220,197</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans	(91,096)	20,465	(70,631)
Net Cash from Noncapital Financing Activities	<u>(91,096)</u>	<u>20,465</u>	<u>(70,631)</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition/construction of capital assets	(166,131)		(166,131)
Principal paid on capital debt		(70,000)	(70,000)
Interest paid on capital debt		(18,849)	(18,849)
Net Cash (Used) by Capital and Related Financing Activities	<u>(166,131)</u>	<u>(88,849)</u>	<u>(254,980)</u>
Cash Flow From Investing Activities			
Interest income	497	324	821
Net Cash From Investing Activities	<u>497</u>	<u>324</u>	<u>821</u>
Net increase (decrease) in cash and cash equivalents	(93,869)	(10,724)	(104,593)
Cash, Beginning of year	208,598	161,697	370,295
Cash, End of year	<u>\$ 114,729</u>	<u>\$ 150,973</u>	<u>\$ 265,702</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:			
Cash and cash equivalents	\$ 28,770	\$ 32,011	\$ 60,781
Cash and cash equivalents - restricted	85,959	118,962	204,921
Total	<u>\$ 114,729</u>	<u>\$ 150,973</u>	<u>\$ 265,702</u>
Reconciliation of Operating Loss to Net Cash Provided By/(Used In) Operating Activities			
Operating income (loss)	\$ (42,227)	\$ 16,876	\$ (25,351)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	231,143	50,702	281,845
Accounts receivable	(12,190)	(3,556)	(15,746)
Prepaid expenses	(7,704)	(7,170)	(14,874)
Accounts payable	2,761	(2,929)	(168)
Accrued expenses	(5,891)	(2,237)	(8,128)
Customer deposits	(3,031)	5,650	2,619
Net Cash Flows From Operating Activities	<u>\$ 162,861</u>	<u>\$ 57,336</u>	<u>\$ 220,197</u>
Noncash Capital Financing Activities:			
Acquisition of property			
Acquisition/construction of capital assets	\$ 199,807	\$	\$ 199,807
Vendor payable for property and equipment	(33,676)		(33,676)
Cash used to acquire/construct capital assets	<u>\$ 166,131</u>	<u>\$</u>	<u>\$ 166,131</u>

See accompanying notes to the basic financial statements.

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014

## INTRODUCTION

The Town of Greenwood is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

### (1) Summary of Significant Accounting Policies

The Town of Greenwood's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Greenwood are discussed below.

#### A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Greenwood is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Greenwood), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Greenwood are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Town of Greenwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

**B. Basic Financial Statements – Government-Wide Statements**

The Town of Greenwood's basic financial statements include both government-wide (reporting the funds maintained by the Town of Greenwood as a whole) and fund financial statements (reporting the Town of Greenwood's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's general fund is classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Greenwood's net position is reported in three parts – net invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Greenwood's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Greenwood as an entity and the change in the Town of Greenwood's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Greenwood are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Greenwood:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town of Greenwood:
  - a. General fund is the general operating fund of the Town of Greenwood. It is used to account for all financial resources except those requires to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town of Greenwood:
  - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)



Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Water Fund – accounts for the provision of water services of the Town.

Sewer Fund – accounts for the provision of sewer services of the Town.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. Budgets**

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues *exceeding amounts estimated, require the approval of the Board of Aldermen.*
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget during the year.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10–30 years
Furniture and equipment	5–20 years
Vehicles	5–10 years
Water and sewer systems	5–40 years

GASBS requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

H. Revenues

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. *Ad valorem taxes become delinquent if not paid by December 31.* Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

*Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.*

J. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). *Committed amounts cannot be used for any other purpose unless the board of aldermen remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).*

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

K. Sales Taxes

The Town collects a 1% sales and use tax. After paying reasonable and necessary costs and expenses of collecting and administering the tax, the tax is to be dedicated and used exclusively for the following purposes: general fund and sewerage fund land acquisitions; general fund and sewerage fund capital expenditures; sewerage fund for additions, improvements, and extensions of the sewerage system and general fund for operations.

L. Compensated Absences

The Town's policy allows annual leave based upon years of service. Employees can carry over accumulated annual leave from one anniversary date to another. Employees will receive pay in lieu of unused annual leave.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

M. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the water and sewer funds are shown net of an allowance of \$9,181 and \$15,374, respectively.

Q. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

R. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

S. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Town has no transactions that meet the definition of deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Town has no transactions that meet the definition of deferred inflows of resources.

(2) Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	9.95	9.95	Statutory

(3) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

At June 30, 2014, the Town has cash and cash equivalents (book balances) totaling \$1,698,117 of which \$204,921 is shown as restricted assets. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At June 30, 2014, the Town has investments totaling \$508,417, as follows:

Certificates of deposit	<u>\$ 508,417</u>
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The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market. The market value of the municipal bonds is not materially different from their carrying amount. The bonds are registered in the name of the Town and are held in a brokerage account. The money funds are held in a brokerage account and are FDIC insured. These investments are considered category A in applying the credit risk of the Governmental Accounting Standards Board (GASB).

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2014, \$1,496,285 of the Town's bank balances were exposed to custodial credit risk as follows:

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

Uninsured and collateral held by pledging bank's  
trust department not in Town's name:

Cash and cash equivalents	\$ <u>1,496,285</u>
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As of June 30, 2014, bank balances totaling \$4,008 were uninsured.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Receivables

The following is a summary of receivables at June 30, 2014:

<u>Class of Receivable</u>	
Governmental activities –	
Sales taxes	\$ 55,132
Gaming taxes	43,766
Franchise fees	33,306
Other	<u>30,318</u>
Total governmental activities	\$ <u>162,522</u>
Business-type activities –	
Accounts receivable – water and sewer charges	\$ 184,924
Other	<u>3,041</u>
Total business-type activities	\$ <u>187,965</u>

(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2014:

	<u>Enterprise Fund</u>
Cash:	
Customer deposits	\$ 145,184
Contingency funds – revenue bonds	22,403
Sinking funds – revenue bonds	<u>37,334</u>
	\$ <u>204,921</u>

(6) New Accounting Standards

Effective July 1, 2013, The Town of Greenwood implemented GASB Statement No. 65, "Items previously reported as assets and liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to the Financial Statements  
June 30, 2014  
(Continued)

(7) Capital Assets

	<u>Balance at</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2014</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 227,359	\$	\$	\$ 227,359
Construction in progress	29,951			29,951
Total assets, not being depreciated	<u>257,310</u>			<u>257,310</u>
Capital assets, being depreciated:				
Buildings and improvements	857,937			857,937
Furniture and equipment	223,698	12,857		236,555
Vehicles	311,992			311,992
Playground - park	63,355			63,355
Total capital assets, being depreciated at historical cost	<u>1,456,982</u>	<u>12,857</u>		<u>1,469,839</u>
Less accumulated depreciation:				
Buildings and improvements	(413,660)	(36,768)		(450,428)
Furniture and equipment	(147,106)	(16,683)		(163,789)
Vehicles	(230,458)	(31,270)		(261,728)
Playground - park	(63,355)			(63,355)
Total accumulated depreciation	<u>(854,579)</u>	<u>(84,721)</u>		<u>(939,300)</u>
Total capital assets, being depreciated, net	<u>602,403</u>	<u>(71,864)</u>		<u>530,539</u>
Governmental activities capital assets, net	<u>\$ 859,713</u>	<u>\$ (71,864)</u>	<u>\$</u>	<u>\$ 787,849</u>

(Continued)



Town of Greenwood  
Greenwood, Louisiana  
Notes to the Financial Statements  
June 30, 2014  
(Continued)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Business-Type Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 192,381	\$	\$	\$ 192,381
Construction in progress	81,032	171,658		252,690
<b>Total assets, not being depreciated</b>	<b>273,413</b>	<b>171,658</b>		<b>445,071</b>
<b>Capital assets, being depreciated:</b>				
Sewer System	4,075,545			4,075,545
Water System	6,380,313	28,149		6,408,462
Furniture and equipment	145,059			145,059
Buildings	137,046			137,046
Vehicles	177,805			177,805
<b>Total capital assets, being depreciated at historical cost</b>	<b>10,915,768</b>	<b>28,149</b>		<b>10,943,917</b>
<b>Less accumulated depreciation:</b>				
Sewer System	(3,280,123)	(49,149)		(3,329,272)
Water System	(3,140,317)	(213,044)		(3,353,361)
Furniture and equipment	(140,246)			(140,246)
Buildings	(22,254)	(10,172)		(32,426)
Vehicles	(147,785)	(9,480)		(157,265)
<b>Total accumulated depreciation</b>	<b>(6,730,725)</b>	<b>(281,845)</b>		<b>(7,012,570)</b>
<b>Total capital assets, being depreciated, net</b>	<b>4,185,043</b>	<b>(253,696)</b>		<b>3,931,347</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 4,458,456</b>	<b>\$ (82,038)</b>	<b>\$</b>	<b>\$ 4,376,418</b>

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business -type Activities	Total
Public Safety	\$ 33,018	\$	\$ 33,018
General Government	51,703		51,703
Water		231,143	231,143
Sewer		50,702	50,702
	<b>\$ 84,721</b>	<b>\$ 281,845</b>	<b>\$ 366,566</b>

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2014 consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 35,650	\$ 56,644	\$ 92,294
Compensated absences	5,929	6,077	12,006
Salaries and benefits	27,558	2,012	29,570
Total	<u>\$ 69,137</u>	<u>\$ 64,733</u>	<u>\$ 133,870</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$151,264 at June 30, 2014.

(10) Risk Management

The Town purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(11) Operating Leases

The Town leased a storage building and some equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2014 were \$2,433.

The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2015	1,533
2016	1,533
2017	383
	<u>\$ 3,449</u>

(12) Deferred Compensation Plan

During the year ended June 30, 1999, the Town implemented a 457 Deferred Compensation Plan. The amounts contributed by the Town during the years ended June 30, 2014, 2013, and 2012 were \$1,300, \$1,250 and \$1,350, respectively.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(13) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 33,052	\$ 25,291	\$( 20,931)	\$ 37,412	\$ 20,931
Less current portion				( 5,929)	( 5,929)
Total long-term liabilities, governmental activities				<u>\$ 31,483</u>	<u>\$ 15,002</u>
Business-type activities:					
Sewer Revenue Refunding Bonds, Series 2009	464,000		( 70,000)	394,000	74,000
Other long-term liabilities Compensated Absences	<u>13,183</u>	<u>-</u>	<u>( 7,106)</u>	<u>6,077</u>	<u>6,077</u>
	<u>477,183</u>	<u>-</u>	<u>( 77,106)</u>	<u>400,077</u>	<u>80,077</u>
Less current portion				( 6,077)	( 6,077)
Total Business-type Activities				<u>\$ 394,000</u>	<u>\$ 74,000</u>
Sewer revenue refunding bonds:					
\$1,300,000 dated 6/14/99, refinanced on 7/23/09.					
Payments of interest only semiannual and principal					
and interest payments annual. Annual debt service					
of approximately \$90,000. Interest rate of 3.96%.					
Final payment February 1, 2019					
					<u>\$ 394,000</u>

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

The sewer revenue bonds are secured by and payable solely from a pledge and dedication of the excess annual revenues of the sewer system.

Payments on sewer revenue refunding bonds are made from the sewer fund. Total interest expense incurred during the year ended June 30, 2014 was \$23,995.

The Town refinanced the Sewer bonds in July 2009. The interest rate for the Sewer revenue refunding bonds changed to 3.96% from 5.40%. The date of the final payment remained unchanged. The debt service requirements shown below reflect the maturities of the refinanced bonds.

Business-Type Activities – Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 74,000	\$ 15,602
2016	76,000	12,672
2017	79,000	9,662
2018	81,000	6,534
2019	84,000	3,326
	<u>\$ 394,000</u>	<u>\$ 47,796</u>

(14) Pension Plan

Police employees of the Town are members of Municipal Police Employee's Retirement System of Louisiana. This is a statewide retirement system. This system is a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 31.00 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$102,331, \$94,371 and \$97,429, respectively, equal to the required contributions for each year.

(15) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(16) Interfund Balances

Interfund balances at June 30, 2014 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
<b>Governmental Funds:</b>			
General Fund	\$ 20,161	\$( 80,149)	\$( 59,988)
Total Governmental Funds	<u>20,161</u>	<u>( 80,149)</u>	<u>( 59,988)</u>
<b>Enterprise Funds:</b>			
Water	137,455		137,455
Sewer	<u>-</u>	<u>( 77,467)</u>	<u>( 77,467)</u>
Total Enterprise Funds	<u>137,455</u>	<u>( 77,467)</u>	<u>59,988</u>
Total	<u>\$ 157,616</u>	<u>\$( 157,616)</u>	<u>\$ -</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(Continued)

Town of Greenwood  
Greenwood, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(17) Commitments

The Town has commitments for signed engineering and construction contracts of approximately \$477,565 relating to various construction projects. As of June 30, 2014, costs incurred on those contracts were \$215,451, with balances remaining on the contracts of \$262,114.

(18) Subsequent Events

*Subsequent events have been evaluated through January 6, 2015, the date the financial statements were available to be issued.*

*Subsequent to June 30, 2014, the Town issued a resolution with the intent to issue taxable water revenue bonds in an amount not to exceed \$5,250,000 for the purpose of improvements to its water system.*

Town of Greenwood  
Greenwood, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 210,000	\$ 210,000	231,158	\$ 21,158
Sales Tax	405,000	380,000	449,638	69,638
Franchise taxes	85,000	65,000	128,255	63,255
Licenses and permits	111,000	111,000	139,543	28,543
Gaming taxes	305,000	305,000	338,540	33,540
Intergovernmental revenues	10,000	10,000	52,046	42,046
Fines and forfeitures	230,000	195,000	352,502	157,502
Investment earnings	6,000	5,000	11,465	6,465
Miscellaneous	15,500	15,500	44,317	28,817
Total revenues	<u>1,357,500</u>	<u>1,296,500</u>	<u>1,747,464</u>	<u>450,964</u>
<b>Expenditures:</b>				
Current:				
General government	491,850	486,850	459,164	27,686
Public safety	864,100	864,100	858,228	5,872
Capital outlay	10,000	100,000	12,856	87,144
Total expenditures	<u>1,365,950</u>	<u>1,450,950</u>	<u>1,330,248</u>	<u>120,702</u>
Excess (deficiency) of revenues over expenditures	(8,450)	(154,450)	417,216	571,666
Fund balances at beginning of year	<u>1,017,378</u>	<u>1,270,378</u>	<u>1,439,422</u>	<u>169,044</u>
Fund balances at end of year	<u>\$ 1,008,928</u>	<u>\$ 1,115,928</u>	<u>\$ 1,856,638</u>	<u>\$ 740,710</u>

See accompanying note to the required supplementary schedule.

Town of Greenwood  
Greenwood, Louisiana  
Notes to Required Supplementary Information  
June 30, 2014

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2014 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 417,216
Adjustments:	
Revenue accruals – net	29,870
Expenditure accruals – net	<u>27,328</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 474,414</u>



Town of Greenwood  
Greenwood, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2014

Mayor - Frank Stawasz, Salary and Allowance	\$ 18,000
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Alderman:

Gary Cook	3,000
Jewel Jaudon	3,000
T. McCracken	3,000
B. Edwardes	3,000
T. Newsom	<u>3,000</u>
	<u>\$ 33,000</u>

# COOK & MOREHART

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**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

**Independent Auditor's Report**

The Honorable Frank Stawasz, Mayor  
and Members of the Town Council  
Town of Greenwood  
Greenwood, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Greenwood as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Greenwood's basic financial statements, and have issued our report thereon dated January 6, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Greenwood's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Greenwood's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Greenwood's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Greenwood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
January 6, 2015

Town of Greenwood  
Greenwood, Louisiana  
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor  
June 30, 2014

**Finding #2013-1 – Water-Sewer Collections**

*Significant Deficiency:* During our audit, we noted that water and sewer accounts receivable and customer deposit collections were not being reconciled to the daily work and general ledger on a monthly basis. The Town did begin to implement certain procedures with regards to reconciling the accounts receivable, but those procedures were not performed consistently throughout the year.

*Recommendation:* We recommend that the Town have the appropriate employee reconcile the water and sewer accounts receivable and customer deposits recorded in the general ledger with reports generated by the billing software.

*Current Status:* Improvement noted.

**Finding #2013-2 – Bank Reconciliations**

*Significant Deficiency:* During our audit, we noted that bank reconciliations were not reconciled to the general ledger on a monthly basis.

*Recommendation:* We recommend that the Town implement procedures for ensuring that all bank accounts are reconciled to the general ledger on a monthly basis. We also recommend that a supervisor review the bank reconciliations each month to ensure that all bank accounts are reconciled to the general ledger.

*Current Status:* Improvement noted.

**Finding #2013-3 – Budget**

*Finding:* Total expenditures and other financing uses exceeded budgeted amounts by more than five percent for the year ended June 30, 2013.

*Recommendation:* We recommend that the Town monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

*Current Status:* No finding noted in current year audit.

Town of Greenwood  
Greenwood, Louisiana  
Summary Schedule of Current Year Audit Findings  
for the Louisiana Legislative Auditor  
June 30, 2014

There are no findings for the current year audit for the year ended June 30, 2014.